

DIAMOND McCARTHY LLP
620 Eighth Avenue, 39th Floor
New York, New York 10018
Telephone: (212) 430-5400
Facsimile: (212) 430-5499
Howard D. Ressler
Maria M. Patterson

*Attorneys for Diversified Credit Investments LLC
as Agent for The Government of Singapore
Investment Corporation PTE, Ltd.*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11

LEHMAN BROTHERS HOLDINGS INC., : Case No. 08-13555(JMP)
et al., :

: (Jointly Administered)
Debtors.

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**LIMITED OBJECTION OF DIVERSIFIED CREDIT INVESTMENTS LLC AS
AGENT FOR THE GOVERNMENT OF SINGAPORE INVESTMENT
CORPORATION PTE, LTD. TO DEBTORS' MOTION TO (A) SCHEDULE A
SALE HEARING;(B) ESTABLISH SALES PROCEDURES; (C) APPROVE A
BREAK-UP FEE;AND (D) APPROVE THE SALE OF THE PURCHASED
ASSETS AND THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS
RELATING TO THE PURCHASED ASSETS**

Diversified Credit Investments LLC, as Agent for The Government of Singapore Investment Corporation PTE, Ltd. (hereinafter "GIC"), submits this limited objection to the Debtors' Motion to (A) Schedule a Sale Hearing; (B) Establish Sales Procedures; (C) Approve a Break-Up Fee; and (D) Approve the Sale of the Purchased Assets and the Assumption and Assignment of Contracts Relating to the Purchased Assets [D.I. #60] (hereinafter the "Sale Motion") and in support thereof states as follows:

INTRODUCTION

1. On September 15, 2008, (the "Petition Date"), Lehman Brothers Holdings Inc, ("LBHI") commenced a chapter 11 case in the United States Bankruptcy Court for the Southern District of New York by the filing of a voluntary petition.

2. On September 16, 2008, LB 745 LLC ("LB 745") commenced a chapter 11 case in the United States Bankruptcy Court for the Southern District of New York by the filing of a voluntary petition.

3. The chapter 11 cases of LBHI and LB 745 (collectively, the "Debtors") are being jointly administered.

4. On September 17, 2008, the Debtors filed the Sale Motion.

BACKGROUND

5. GIC and Lehman Brothers Special Financing Inc. ("LBSF") are parties to a certain 1992 ISDA Master Agreement dated October 24, 2007 (as amended, modified or supplemented together with all schedules and exhibits, including the Credit Support Annex, and all confirmations therewith (collectively, the "Agreement"). LBSF is a non-debtor subsidiary of LBHI.

6. Pursuant to the Agreement, GIC pledged certain collateral (the "Collateral").

7. On September 15, 2008, an event of default occurred under the terms of the Agreement.

8. On September 15, 2008, GIC delivered written Notice of Termination to LBSF designating September 15, 2008 as the Early Termination Date (as that term is defined under the Agreement) for all transactions under the Agreement and demanding

immediate delivery of the Collateral, as expressly required under the terms of the Agreement.

9. On September 17, 2008, GIC delivered a written notice requiring Return of Posted Collateral and Interest Amount demanding immediate return of the Collateral as expressly required under the terms of the Agreement (attached as Exhibit A, which includes identification of the Collateral).

10. Moreover, GIC is the sole owner of the Collateral.

11. As of this date, LBSF has not delivered the Collateral.

THE SALE MOTION

12. Pursuant to the Sale Motion, the Debtors and an affiliate, Lehman Brothers Inc. ("LBI"), propose to sell certain "Purchased Assets" to Barclays Capital Inc. ("Barclays") for \$1.7 billion in cash plus the assumption of certain obligations and expenses.

13. Under the Asset Purchase Agreement between the Debtors and LBI, as sellers, and Barclays, as purchaser (the "APA"), "Purchased Assets" and "Excluded Assets" are defined terms.

14. However, after reviewing these definitions, GIC are unable to determine with any degree of certainty whether its Collateral is included or excluded from the proposed sale.

15. Counsel for GIC has contacted Debtors' counsel and has requested assurances that the Collateral is not part of the sale but, to date, has not received any response.

16. For the foregoing reasons, GIC is constrained to submit this Limited Objection to the Sale Motion.

ARGUMENT

17. The Bankruptcy Court's exclusive jurisdiction over a debtor and its property does not extend to "a solvent independent subsidiary of the debtor merely because its stock is held by the debtor." *In re Beck Industries*, 479 F.2d 410, 415 (2d Cir.), cert. denied, 414 U.S. 858 (1973). Consequently, the Court does not have jurisdiction over the Collateral and it cannot be included in the proposed sale.

18. Further, the ownership by the parent of its subsidiary's stock does not result in the assets of the subsidiary becoming property of the parent's estate. *In re Mego International, Inc.* 30 B.R. 479, 481 (S.D.N.Y.); *In re Insilco Technologies, Inc.*, 351 B.R. 313, 321 (Bankr. D. Del. 2006).

19. Moreover, as the Collateral is not property of the Debtors or its subsidiaries, it cannot be included in the proposed sale.

CONCLUSION

WHEREFORE, for the reasons stated above, GIC submits this Limited Objection to the Sale Motion and respectfully requests that the Court carve out GIC's Collateral from any sale approval order and grant such other and further relief as deemed just and proper.

Dated: September 19, 2008
New York, New York



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Maria M. Patterson
DIAMOND McCARTHY LLP
620 Eighth Avenue, 39th Floor
New York, New York 10018
Telephone: (212) 430-5400
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Attorneys for Diversified Credit Investments
LLC as agent for The Government of
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